

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Patent Application of:
David Stevanovski et al.

Application No.: 09/614,109

Confirmation No.: 1567

Filed: July 12, 2000

Art Unit: 3693

For: PAYMENT ADMINISTRATION SYSTEM

Examiner: D. S. Felten

APPEAL BRIEF

MS Appeal Brief - Patents
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Dear Sir:

As required under §41.37(a), this brief is filed within two months of the Notice of Appeal filed in this case and is in furtherance of said Notice of Appeal.

The fees required under §41.20(b)(2) are dealt with in the accompanying TRANSMITTAL OF APPEAL BRIEF.

This brief contains items under the following headings as required by 37 C.F.R. §41.37 and M.P.E.P. §1206:

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I. REAL PARTY IN INTEREST

The names of the real party in interest are Mr. David Stevanovski and Mr. Ed Cantrell, the named inventors of the subject application.

II. RELATED APPEALS, INTERFERENCES, AND JUDICIAL PROCEEDINGS

There are no other prior or pending appeals, interferences or judicial proceedings known to appellant or the appellant's legal representative that may be related to, directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

III. STATUS OF CLAIMS

Claims 19-37 and 39 pending. Of these, claims 19, 23, 34 and 39 are independent claims. A statement of the status of all the claims in the proceeding now follows.

Claims 1-18 have been canceled. The application was originally filed with claims 1-18. Of these, claims 1, 5, 7, 12 and 18 were independent claims.

Claims 19-37 and 39 stand rejected under 35 U.S.C. §103(a) as being unpatentable over U.S. Patent No. 4,485,300 to Peirce in view of U.S. Patent No. 5,220,501 to Lawlor and U.S. Patent No. 5,953,710 to Fleming.

Claim 38 has been canceled.

IV. STATUS OF AMENDMENTS

No amendments to the claims were filed subsequent to final rejection. A response entitled Amendment under Rule 116 was filed after the final rejection. However, that document did not include any amendments to the claims, only additional remarks.

V. SUMMARY OF CLAIMED SUBJECT MATTER

General Overview

The application includes four (4) independent claims. The claims are directed to an apparatus and a method that permits a customer to set limits or restrictions on purchases that are made by him or her or, more importantly, by someone impersonating a customer. In a nutshell, the claims outline a system whereby a customer may set certain restrictions or parameters on his or her purchases. For example, the customer may decide to block all purchases of goods or services between 2:00 a.m. and 7:00 a.m. Additionally, or alternatively, the customer may wish to block purchases that exceed a predetermined dollar amount over a predetermined period of time. Other types of purchase parameters are also disclosed in the specification.

The system may also include notification and collection programs that alert the customer to the occurrence of a transaction or assist in the processing of funds.

In operation, when a customer contacts a merchant with the goal of purchasing a particular product or service, the merchant may query the customer's purchase parameter to determine whether the transaction is authorized. If the transaction request falls within a customer defined purchase parameter, the transaction will be approved. However, if the transaction request is outside of the purchase parameter, the transaction will be denied.

Claims 19 and 34

Independent claims 19 and 34 are directed to a method of administering the payment obligations of a consumer of goods or services. The language of these two claims is similar. Therefore, the claims will be discussed together. However, for purposes of clarity Applicants note that a key difference between the claims is that claim 19 includes a payment instruction step

(see specification at page 12, line 13 – page 13, line 8) and a notification program 44 (see specification at page 10, lines 1-24), while claim 34 does not include those elements.

As shown in Figures 1 and 2, the method 10 of claims 19 and 34 may include providing an administrator 12. See specification at page 6, lines 6-9. The administrator 12 may include a database 28 and an administrative program 30, both of which may be in electronic communication with the administrator 12. Id. The database 28 may include a customer file 32 and a merchant file 40. Id; See also specification at page 9, lines 6-23. The customer file 32 may including a purchase parameter 33 (i.e., transaction restriction) that may be predetermined by the customer. See specification at page 6, lines 9-23. The merchant file 40 may include a merchant account number and a merchant category (e.g., the merchant's SIC code). See specification at page 9, lines 7-8.

The administrative program 30 may also include a merchant approval program 50. The merchant approval program 50 may query the purchase parameter 33 of the customer file 32 in response to a transaction approval request. See specification page 9, lines 13-23. Accordingly, when a consumer contacts a merchant with a desire to purchase the merchant's goods or services, the merchant may cause a transaction approval request to issue from the merchant approval program 50 to the customer file 32 to query the customer's purchase parameter 33. See specification page 9, lines 14-20. The approval request is then received and processed. See specification page 9, lines 14-23. If the circumstances of the proposed purchase fall within the customer's purchase parameter, the transaction will be approved. Id.

Independent Claims 23 and 39

Independent claims 23 and 39 are directed to an administration *apparatus* for directing payments for the financial obligations of a consumer of goods or services. The language of

claims 23 and 39 is similar. Therefore, the claims will be discussed together. However, for purposes of clarity Applicants again note that a key difference between claims 23 and 39 is that claim 23 includes a collection program 48, while claim 39 does not include such a program.

The administration apparatus discussed in claims 23 and 39 may include an administrator 12 that has database 28 and an administrative program 30. See specification at page 6, lines 6-9. The database 28 may include a customer file 32 that has a predefined customer purchase parameter 33. See specification at page 6, lines 9-23. The administrative program 30 may also include a merchant approval program 50 (page 9, lines 14-23). The merchant approval program 50 is designed to query the customer file 32 in response to transaction approval request. *Id.*

As mentioned *supra*, in claim 23 the administrative program 30 may also include a collection program 48, which the specification describes as being useful for transferring funds from a customer's financial institution to an administrator's financial institution. See specification at page 11, lines 9-23.

VI. GROUNDS OF REJECTION TO BE REVIEWED ON APPEAL

Applicants appeal the Examiner's decision rejecting claims 19-37 and 39 under 35 U.S.C. §103(a) as being unpatentable over U.S. Patent No. 4,485,300 to Peirce in view of U.S. Patent No. 5,220,501 to Lawlor and U.S. Patent No. 5,953,710 to Fleming.

VII. ARGUMENT

Standard

Claims 19-37 and 39 are pending. All claims stand rejected under 35 U.S.C. §103(a) as being unpatentable over U.S. Patent No. 4,485,300 to Peirce in view of U.S. Patent No. 5,220,501 to Lawlor and U.S. Patent No. 5,953,710 to Fleming.

In rejecting claims under 35 U.S.C. §103, the Examiner bears the initial burden of presenting a *prima facie* case of obviousness. See *In re Rijckaert*, 9 F.3d 1531, 1532, 28 USPQ2d 1955, 1956 (Fed. Cir. 1993). A *prima facie* case of obviousness is established by presenting evidence that the reference teachings would appear to be sufficient for one of ordinary skill in the relevant art having the references before him to make the proposed combination or other modification. See *In re Lintner*, 458 F.2d 1013, 1016, 173 USPQ 560, 562 (CCPA 1972). Furthermore, the conclusion that the claimed subject matter is *prima facie* obvious must be supported by evidence, as shown by some objective teaching in the prior art or by knowledge generally available to one of ordinary skill in the art that would have led that individual to combine the relevant teachings of the references to arrive at the claimed invention. See *In re Fine*, 837 F.2d 1071, 1074, 5 USPQ2d 1596, 1598 (Fed. Cir. 1988). Rejections based on §103 must rest on a factual basis with these facts being interpreted without hindsight reconstruction of the invention from the prior art. The Examiner may not, because of doubt that the invention is patentable, resort to speculation, unfounded assumption or hindsight reconstruction to supply deficiencies in the factual basis for the rejection. See *In re Warner*, 379 F.2d 1011, 1017, 154 USPQ 173, 177 (CCPA 1967), *cert. denied*, 389 U.S. 1057 (1968). The Federal Circuit has repeatedly cautioned against employing hindsight by using the appellant's disclosure as a blueprint to reconstruct the claimed invention from the isolated teachings of the prior art. See,

e.g., *Grain Processing Corp. v. American Maize-Prods. Co.*, 840 F.2d 902, 907, 5 USPQ2d 1788, 1792 (Fed. Cir. 1988).

When determining obviousness, “the [E]xaminer can satisfy the burden of showing obviousness of the combination ‘only by showing some objective teaching in the prior art or that knowledge generally available to one of ordinary skill in the art would lead that individual to combine the relevant teachings of the references.’” *In re Lee*, 277 F.3d 1338, 1343, 61 USPQ2d 1430, 1434 (Fed. Cir. 2002), citing *In re Fritch*, 972 F.2d 1260, 1265, 23 USPQ2d 1780, 1783 (Fed. Cir. 1992). “Broad conclusory statements regarding the teaching of multiple references, standing alone, are not ‘evidence.’” *In re Dembiczak*, 175 F.3d 994, 999, 50 USPQ2d 1614, 1617 (Fed. Cir. 1999). “Mere denials and conclusory statements, however, are not sufficient to establish a genuine issue of material fact.” *Dembiczak*, 175 F.3d at 999-1000, 50 USPQ2d at 1617, citing *McElmurry v. Arkansas Power & Light Co.*, 995 F.2d 1576, 1578, 27 USPQ2d 1129, 1131 (Fed. Cir. 1993). Further, as pointed out by the Federal Circuit, one must first determine the scope of the claim. “[T]he name of the game is the claim.” *In re Hiniker Co.*, 150 F.3d 1362, 1369, 47 USPQ2d 1523, 1529 (Fed. Cir. 1998).

Group I – Claims 19, 23, 34 and 39.

As mentioned *supra*, all claims stand rejected as being obvious to one of skill in the art based upon the combination of Peirce, Lawlor and Fleming. However, the principal reference, Peirce, would clearly not be looked to, alone or in combination with Lawlor and Fleming, by one of skill in the art to come up with the claimed invention. Therefore, the unlikely combination of these three references do not render the claims obvious.

Peirce discloses the use of Issuer Parameters 40 as part of the Data Control Center 10 and states that 1) merchants and issuers are linked to the Center 20 (see e.g., Peirce, col. 8 at 31-32)

and 2) merchants may transmit a request for approval to the Center 20 (see e.g., Peirce, col. 8 at 35-37). Peirce does not, however, teach the use of a customer predetermined purchase parameter, a point that is conceded by the Examiner. Rather, Peirce's only concern is a method of setting limits or parameters to control whether a request for authorization is forwarded to a credit card issuer. As such, Peirce does not teach or discuss a system/method to directly protect customers. In contrast, Fleming is limited to a method that permits a customer (not the issuer) to set certain limitations on a child's use of a credit card. This difference between Peirce and Fleming is critical.

By way of example, the difference between Fleming and Peirce can be equated to the difference between having the ability to control one's own actions (Fleming) versus the effect of being acted upon (Peirce). At a fundamental level, this is the difference between liberty and tyranny. However, in the context of patent law, the effect is that one of skill in the art would not look to Fleming, when considering Peirce (or Peirce when considering Fleming) because Peirce was directed to the needs of credit card issuers, not consumers. Therefore, to combine these references (as the Examiner has done) is to engage in the practice of hindsight reconstruction of the claims.

It must also be noted that the Fleming also does not teach or suggest purchase parameters as taught by the present application. Specifically, Fleming teaches the concept of limiting the total number of a child's purchases without regard to the value of those purchases. See Fleming at Abstract. In contrast, the purchase parameters of the present application are directly concerned with the value of a particular purchase or the value of all purchases for a given day (see e.g., claims 26 and 27).

Therefore, in view of the significant difference between the art cited by the Examiner, Applicant requests that the rejection of claims 19, 23, 34 and 39 be overruled.

Group II – Claim 23

Claim 23 recites that the administrative program may include including a merchant approval program and a collection program. The Examiner has not cited to any reference to support a rejection that the use of collection program as part of the administrative program would have been obvious to one of skill in the art. Therefore, the rejection of claim 23 should be overruled.

Group III – Claims 26, 27, 35 and 26

Claims 26, 27, 35 and 36 state that the purchase parameter comprises a dollar limit threshold. However, as mentioned *supra*, Fleming does not teach or suggest such a parameter. Instead, Fleming teaches the concept of limiting the total number of a child's purchases *without regard to the value of those purchases*. See Fleming at Abstract. Therefore, claims 26 and 27 are properly allowable over the cited art and the rejection of these claims should be overruled.

Group IV – Claims 19, 20, 22 and 32

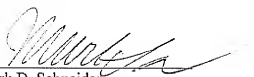
Claims 19, 20, 22 and 32 each address function of notifying a customer when activity has taken place on the customer's account. In rejecting these claims, with specific regard to this feature, the Examiner argued that Lawlor disclosed the step of notifying a customer. See Lawlor at Abstract and col. 8, line 31+. Lawlor, however, is silent on the issue of notifying a customer of activity on a protected account, specifically, an account protected by purchase parameters. Therefore, one of skill in the art would simply not look to Lawlor, alone or in combination with Peirce or Fleming, to reach the claimed invention.

VIII. CLAIMS

A copy of the claims involved in the present appeal is attached hereto as Appendix A.

Dated: January 22, 2007

Respectfully submitted,

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APPENDIX A

Claims Involved in the Appeal of Application Serial No. 09/614,109

19. A method of administering payment for obligations of a customer that is a consumer of goods or services, the method comprising the steps of:

providing an administrator having a database and an administrative program, the database including a customer account, a customer file and a merchant file, the customer file having a purchase parameter including a value predetermined by the customer;

creating an administrative program in electronic communication with the administrator and having a merchant approval program, the merchant approval program being operable to query the purchase parameter in response to a transaction approval request;

transmitting a transaction approval request from the merchant approval program to the customer file to query the purchase parameter;

receiving at the merchant approval program a transaction approval request;

transmitting an approval of the transaction approval request when the request falls within the purchase parameter;

transmitting a payment instruction from the administrator in response to the approval of the transaction;

providing a notification program, the notification program transmitting a notice to a customer of activity on the customer account.

20. The method of claim 18, wherein the notification program transmits a notice to a customer in real-time.

21. The method of claims 18, wherein the administrator includes a customer interface, the customer interface being operable to permit access to the customer account.

22. The method of claim 21, wherein the notification program is operable to transmit a notice to a customer at a predetermined time following the occurrence of activity on the customer account.

23. An administration apparatus for directing payments for financial obligations of a customer that is a consumer of goods or services, the apparatus comprising:

an administrator having a database and an administrative program, the database including a customer file, the customer file including a purchase parameter, the purchase parameter being predefined by the customer, the administrative program including a merchant approval program and a collection program, the merchant approval program being operable to query the customer file in response to approval request.

24. The administration apparatus of claim 23, wherein the customer file further comprises a customer identifying statistic.

25. The administration apparatus of claim 24, wherein the customer identifying statistic is selected from a group consisting of: customer name, customer address, customer telephone number, customer social security number, customer date of birth and customer bank account number.

26. The administration apparatus of claim 23, wherein the purchase parameter comprises a customer dollar limit threshold for a purchase.

27. The administration apparatus of claim 23, wherein the purchase parameter comprises a customer dollar limit threshold for all purchases within a predetermined period of time.

28. The administration apparatus of claim 23, wherein the database further comprises a merchant file.

29. The administration apparatus of claim 28, wherein the merchant file includes a merchant category.

30. The administration apparatus of claim 23, wherein the customer file includes a payment option.

31. The administration apparatus of claim 23, wherein the administrative program further comprises an account opening program.

32. The administration apparatus of claim 23, wherein the administrative program further comprises a notification program.

33. The administration apparatus of claim 23, wherein the administrative program further comprises a customer account interface.

34. A method of administering payments for transactions made by a customer that is a consumer of goods or services from a merchant, the method comprising:

providing an administrator;

creating a database in electronic communication with the administrator having a customer file and a merchant file, the customer file including a purchase parameter, the merchant file having a merchant account number and a merchant category assigned thereto, the purchase parameter including a value predetermined by the customer;

creating an administrative program in electronic communication with the administrator and having a merchant approval program, the merchant approval program being operable to query the purchase parameters in response to a transaction approval request;

transmitting a transaction approval request from the merchant approval program to the customer file to query the purchase parameter;

receiving at the merchant approval program a transaction approval request;

transmitting an approval of the transaction approval request when the request falls within the purchase parameter.

35. The method of claim 34, wherein the purchase parameter comprises a customer dollar limit threshold for a purchase.

36. The method of claim 34, wherein the purchase parameter comprises a customer dollar limit threshold for all purchases within a predetermined period of time.

37. The method of claim 34, further comprising the step of transmitting an electronic notice in real time to a customer.

39. An administration apparatus for directing payments for financial obligations of a customer that is a consumer of goods or services, the apparatus comprising:

an administrator having a database and an administrative program, the database including a customer file and a merchant file, the customer file including a purchase parameter, the purchase parameter being predefined by the customer, the merchant file including merchant banking information, the administrative program including a merchant approval program, the merchant approval program being operable to query the customer file in response to approval request.

APPENDIX B

This section is not applicable. No evidence was submitted in this application pursuant to §§ 1.130, 1.131, or 1.132 of this title. No other evidence was entered by the examiner or is being relied upon by Applicants.

APPENDIX C

This section is not applicable. There are no decisions rendered by a court or the Board in any proceeding relating to this application.